

TO: All Spending Units

FROM: John C. Musgrave, Acting Cabinet Secretary
Department of Revenue

SUBJECT: FY 2006 Appropriation Request

DATE: August 9, 2004

This book contains the sample forms, instructions and guidelines for the preparation of the FY 2006 Appropriation Request.

Although FY 2006 revenues are projected to increase, unfortunately the anticipated increase is not sufficient to offset the additional funding required to address the increased costs of the various retirement systems, health insurance and Medicaid premiums, operating costs for newly opened or opening correctional and juvenile facilities, along with many other critical areas of government. At this point, we are anticipating a significant shortfall between funds available and funding requirements.

As you are well aware, over the past three years, many improvements have been implemented in the operation of state government and its various programs, along with reductions in funding in specific areas, however, still more remains to be accomplished. Unfortunately, even with these improvements, including some consolidations of programs or agencies, the needs for funding still outpace the anticipated revenue available. **Therefore, General Revenue and Lottery budget requests must be submitted at 94.5% of the FY 2005 base budget (less any one-time appropriations listed in the Legislative Budget Digest and any surplus appropriations).** Note: Debt Service, State Aid to Schools (fund 0317), Children's Health Insurance Agency, Department of Military Affairs and Public Safety, Bureau of Senior Services, Medical Services (activity 189), Division of Miners' Health, Safety and Training, Board of Coal Mine Health and Safety, Coal Mine Safety and Technical Review Committee, and Public Defender Services (payments to counsel and public defender corporations) are excluded from the 5.5% reduction.

Department secretaries and bureau commissioners have the option of moving money between funds/agencies/programs as necessary as long as the department/bureau total for General Revenue and Lottery Fund is equal to or less than 94.5% of the FY 2005 base. By anticipating this shortfall early, we can do the planning now to avoid drastic, last minute steps. The Governor has repeatedly stated that he does not want to use tactics that unnecessarily disrupt public employees and the effective services they deliver. However, the Governor also believes any reductions should be made in specific programs and not accomplished just by using an "across-the-board" approach.

Requests for improvements above the 94.5% level may be submitted, but must include how the anticipated benefits related to the improvement will be measured and how those benefits relate to the program's mission.

Each cabinet secretary and bureau commissioner must explain the impact (on the department or bureau) of funding at this level.

For your convenience in preparing the FY 2006 request, we have enclosed the following:

- Division Evaluation Summary as it appeared for FY 2005
- Division Account Summary for FY 2006 taken from your current Expenditure Schedule
- Schedule of Federal Funds for each Grant (Form AR3) as submitted in FY 2005 (if applicable)
- Narrative Information (diskette and hard copy) as it appeared in the FY 2005 *Executive Budget*

In accordance with Chapter 11B, Article 2, Section 3, of the West Virginia Code:

- The original and one copy of forms AR1 through 11 and the agency narrative (one printed copy and one diskette containing the text file) shall be submitted to the State Budget Office, Building 1, Room W-310, Capitol Complex, on or before September 1, 2004.
- One copy of forms AR1 through 11 shall be submitted to your cabinet secretary, if applicable.
- Two copies of the request shall be submitted to the Legislative Auditor's Office, Budget Division, Building 1, Room W-332, Capitol Complex.

Since the date for Appropriation Request submission is established by Chapter 11B, Article 2, Section 3, of the West Virginia Code, extensions for submitting the request after September 1, 2004, cannot be granted.

By law, failure to submit the appropriation request by September 1st may result in all of the agency's encumbering and expending of funds being held until the request has been filed with the State Budget Office and the Legislative Auditor.

The State Budget Office may not be conducting budget hearings with all departments/agencies, therefore, be certain to detail all concerns in your agency's Current Level Impact Statement and to clearly explain all improvement requests fully and completely on the improvement form.

Appropriation Request forms and instructions are available on the Internet at the following address: <http://www.wvbudget.gov/forms.htm>. You may also request a copy of the Appropriation Request forms on diskette by calling Jerri Rucker at 558-0040.

Enclosures

**Appropriation Request
FY 2006**

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Basic Assumptions

General Revenue and Lottery Funds

Please review the Appropriation Request forms and instructions carefully before you begin to prepare your division's request.

Several basic assumptions have again been incorporated into the *Executive Budget* guidelines that warrant special attention:

1. Current Level for FY 2006 will be 94.5% of the FY 2005 base (excluding debt service), less any one-time or surplus appropriations. No increase in positions may be requested at the current level. The request must also include the following:
 - a. An additional \$50 annual increment for each eligible employee and an increase to employee benefits to cover the additional cost of increment.
 - b. Employee Benefits and Annual Increment are to be paid from the same account number that the salary of the employee is paid.
 - c. A reserve for PEIA transfer of 1% of annualized personal services expenditures from state funds (nonfederal) based on estimated filled full-time equivalent positions on April 1, 2006. (Chapter 11B, Article 2, Section 15, of the West Virginia Code)
2. The request shall not include increases for PEIA (object 012), or BRIM, as the State Budget Office intends to add these as additional funds to your division/agency.
3. All improvements above current level, including new positions, shall be requested on Form AR4 and shall indicate if this is a one-time request or continuing request. Any improvement request resulting from a court order or statutory mandate shall state such and shall identify the date and reference of the court order or statute.

Improvements above Current Level must include how the anticipated benefits will be measured and how they relate to the program's mission.

Special Revenue and Federal Funds (except Lottery)

Please review the Appropriation Request forms and instructions carefully before you begin to prepare your division's request.

Several basic assumptions that warrant special attention have again been incorporated into the *Executive Budget* guidelines.

1. Current Level is the FY 2005 appropriated amounts for **ALL** appropriated funds (federal and special) less any FY 2005 appropriations designated by the Legislature as "one-time appropriation or surplus appropriations." No increase in funding or positions may be requested at the current level. However, the request must include the following **within the current level**:
 - a. An additional \$50 annual increment for each eligible employee and an increase to employee benefits to cover the additional cost of increment.
 - b. Employee Benefits and Annual Increment are to be paid from the same account number that the salary of the employee is paid.
 - c. A reserve for PEIA transfer of 1% of annualized personal services expenditures from state funds (nonfederal) based on estimated filled full-time equivalent positions on April 1, 2006. (Chapter 11B, Article 2, Section 15, of the West Virginia Code)
2. Include increases for the following:

PEIA Object 012 - 10% increase.
BRIM Object 032 - 15% increase (estimated)
3. All improvements above current level, including new positions, shall be requested on Form AR4 and shall indicate if this is a one-time request or continuing request. Any improvement request resulting from a court order or statutory mandate shall state such and shall identify the date and reference of the court order or statute.

Improvements above Current Level must include how the anticipated benefits will be measured and how they relate to the program's mission.

Employee Benefits Guidelines

(Employee Benefits are to be paid from the same account that the salary of the employee is paid.)

010 Administrative Fees:

Personnel Division	\$50.00 per FTE position per quarter
	\$50.00 per temporary FTE position per quarter
Public Employees' Health Insurance	\$50.00 annually per employee
011 Social Security Matching	7.65% of total personal services
012 Public Employees' Health Insurance	Projected premium for FY 2006 FY 2005 budgeted for General/Lottery FY 2005 budgeted plus 10% for Special/Federal
013 Other Health Insurance	Projected premium for FY 2006
014 Workers' Compensation	Current rate multiplied by total personal services divided by 100
015 Unemployment Compensation	Actual evaluation of projected needs for FY 2006
016 Public Employees' Retirement System	10.5% of total personal services for PERS
	15% of total personal services for Teachers' Defined Benefit Plan
	7.5% of total personal services for Teachers' Defined Contribution Plan
	15% for teachers paid through State Aid Formula



Appropriation Request Submission Instructions

Instructions and Forms

On the following pages, the Appropriation Request Forms are explained with examples. An Appropriation Request is to be completed for each appropriated fund of the division, including the funds that became appropriated for the first time in FY 2005.

As the forms are being prepared, care should be taken to assure that the division's name and fund numbers are the same as those assigned by WVFIMS for FY 2005. The forms should then be assembled as follows prior to submitting them to the State Budget Office.

Division Forms:

1. Cover Letter
2. Current Level Impact Statement
3. Division Evaluation Summary (AR1)
4. Division Account Summary (AR2, 2A)
5. Schedule of Federal Funds for Each Grant (AR3) (printed copy and by email or diskette)
6. Request for Appropriation - Improvement Above Current Level (AR4)
7. Request for Supplemental Appropriation (AR5)
8. Summary of Other Nonappropriated Accounts (AR6)
9. Summary of Receipts and Disbursements (AR7)
10. Capital Expenditure Project Information (AR8)
11. Division Summary of Capital Expenditure Projects (AR9)
12. Program Summary (AR10)
13. Division Program Summary (AR11)
14. Agency narrative (printed copy and diskette)

Also include a list of any acronyms used anywhere in your submission.

The original and one (1) copy of the request shall be submitted to the State Budget Office, Building 1, Room W-310, no later than September 1, 2004. Also, two (2) copies of the request must be submitted to the Legislative Auditor's Office, Budget Division, Building 1, Room W-332.

NOTE: If any amendments (revisions, additions or deletions of any forms) to the original Appropriation Request are made, the original amendment and one (1) copy shall be submitted to the State Budget Office, and two (2) copies to the Legislative Auditor's Office.



Current Level Impact Statement

Please describe fully what impact this level of funding will have on your division in FY 2006, including any legislative, federal, or court mandates that would not be complied with at this level of funding. Also include any other information, such as increased cost projections, decreased revenues, short and long range goals, or other data that would be beneficial in determining a recommended level of funding for your division. This impact statement must be included with the Appropriation Request.

The State Budget Office may not be conducting budget hearings with all departments/agencies, therefore, be certain to detail all concerns in your agency's Current Level Impact Statement and to clearly explain all improvement requests fully and completely on the improvement form.

Form AR1

Division Evaluation Summary Form AR1

Division Description - Briefly describe each division in terms of its major purpose, major objectives, long-range goals, the population served, the major services it provides, and any other pertinent information.

Recommendation - Please do not write in this section.

Statutory Reference - In the upper right corner, identify the Chapter(s) and Article(s) of the Code of West Virginia that address the functions of each division.

Included is a copy of each Division's Evaluation Summary as presented in the FY 2005 *Executive Budget*. If minor changes are necessary, please make the changes in RED ink. If major changes to this summary are necessary, then a NEW summary must be submitted with the request and marked "Revised." If AR1 is correct, please mark "OK" on form.

Form AR2

Division Account Summary Forms AR2, AR2A

General Information - This form is a summary of each FY 2005 appropriated fund of the division along with the corresponding federal fund(s) and nonappropriated Special Revenue fund(s). After the Appropriation Requests are reviewed and the recommendations are determined, these forms will be completed with appropriate amounts for inclusion in the *Executive Budget*. Please do not write in the column entitled "Recommendation."

There must be a separate AR2 filed for each General and Appropriated Special Fund for your agency.

For the FY 2006 Appropriation Request, it is not necessary to list each object code, with the exception of Employee Benefits. However, each activity that is "Unclassified" or is an appropriation for a program such as GAAP Project, Womens' Commission, Office Automation, etc., must be shown using the following category breakdown: Personal Services, Annual Increment, Employee Benefits (by object code), Total Current Expenses, Total Repairs and Alterations, Total Assets, and Total Other Disbursements (Note: Total Other Disbursements will include all objects not associated with Current Expenses, Repairs and Alterations, or Assets).

Although Employee Benefits is the only activity that requires a breakdown to the object code level, you may be required at a later date to provide more detailed information by fund number to the State Budget Office and the Legislature.

FY 2004 Actual State - This column shall contain the Actual expenditures for both appropriated and reappropriated General Revenue and Special Revenue funds, as well as all Federal Block Grants that are appropriated in the Budget Act. These amounts shall agree with the Auditor's Monthly Line Item (object code) Report, WVR 4020.

The Actual expenditures for Employee Benefits shall be reported at the object code level; all other Actual expenditures shall be reported at the category level.

FY 2005 Budgeted - "General" - Enter the amount budgeted, by object code, for Employee Benefits and by Category for all other items, for the General Revenue fund for FY 2005 as shown on the approved

Form AR2A

Expenditure Schedule at the time of preparation of this request. If applicable, include all reappropriated amounts for each item of appropriation.

“Federal” - Enter the amount budgeted, by object code, for Employee Benefits and by Category for all other items from Federal Funds for FY 2005 as shown on the approved Expenditure Schedule at the time of preparation of this request.

“Special” - Enter the amount budgeted, by object code, for Employee Benefits and by Category for all other items, from appropriated Special Revenue Funds for FY 2005 as shown on the approved Expenditure Schedule at the time of preparation of this request. If applicable, also include all reappropriated amounts for each item of appropriation.

“Other” - Enter the amount budgeted, by object code, for Employee Benefits and by Category for all other items, from Other funds for FY 2005 as shown on the approved Expenditure Schedule at the time of preparation of this request.

NOTE: The above totals for Federal, Special and Other should match Form AR7 “Estimated Disbursements FY 2005” column totals.

The sum of the General, Federal, Special, and Other columns shall be entered in the Total column.

Reappropriations - If applicable, enter the amount of reappropriated funds (see “FY 2005 Budgeted”), and subtract these amounts from the Gross Totals to arrive at the Net Totals in each column.

FY 2006 Current Level Request - Enter the request for this fund in the same manner as the FY 2005 Budgeted for General, Federal, Special, and Other funds in the respective columns and the total request from all sources in the Total column. Current Level Request for General Revenue and Lottery cannot exceed 94.5% of the FY 2005 appropriated amount less any “one-time” appropriations as listed in the Budget Digest and less any surplus appropriations.

Submit a detailed list of the fund numbers, name, and amounts that make up the “Other” column (see instructions for Summary of Other Nonappropriated Accounts, Form AR6).

NOTE: The lines following Unclassified shall be used to list specific appropriations by activity and category. Form AR2A is available if more space is necessary.

Recommendation - Please do not write in this column.

Form AR3

**FY 2006 Schedule of Federal Funds
for each Grant
Form AR3**

General Information - If federal funds have been or are expected to be received, a Schedule of Federal Funds must be completed for each grant. Only one (1) form is required for each grant, even if the grant provides funds for more than one section. In addition to including paper copies with the Appropriation Request, submit all AR3 forms electronically by disk or e-mail to Eric Wagner (ewagner@wvbudget.gov). If using acronyms in your submission, please be sure to spell them out the first time used and include a list of acronyms used in your submission.

Department/Bureau - Enter the name of your Department/Bureau (e.g., Department of Revenue, Bureau of Commerce).

Division/Agency - Enter the name of your division/agency (e.g., Tax Division, Geological and Economic Survey).

Fund # - Enter the WVFIMS fund number to which the federal funds will be received.

Program Name - Enter the Name of the Program for which federal funds are granted. (Make sure each program has a unique identifying name, e.g. "Flood Disaster, June 1998" or "Flood Disaster, January 1996.")

Description - Briefly explain the purpose of the program and its goals. Please limit the description to approximately 50 words.

Grantor - Enter the name of the federal agency granting the funds.

Are State Matching Funds Required? - Enter "X" in the appropriate space provided.

Matching Formula - Enter the matching formula of this grant. If no State match is required, enter 100% Federal.

Form AR3

Is “Maintenance of Effort” Required? - Enter “X” in the appropriate space provided.

Federal Catalog Number - Enter all federal catalog numbers that apply to these federal funds. If this does not apply, enter N/A.

Actual Receipts 2004 - This column shall show the actual receipts, by catalog number, for State FY 2004 (July 1, 2003 - June 30, 2004).

Total Estimated Receipts 2005 - This column shall show the total estimated receipts, by catalog number, for State FY 2005 as reflected on the approved Expenditure Schedule at the time of preparation of this request. (Should match Form AR7 “Estimated Receipts FY 2005” column.)

Total Estimated Receipts 2006 - This column shall show the total estimated receipts, by catalog number, for State FY 2006. (Should match Form AR7 “Estimated Receipts FY 2006” column.)

Comments - Use this space if additional information is necessary to further explain the matching formula and/or the “Maintenance of Effort” requirements. This may also be used for any other information that is considered useful, such as the impact on the program of federal fund reductions.

Contact Person - Enter the name, title, telephone number, and e-mail address of the individual to contact for additional information regarding this program. *This information is for State Budget Office use only and will not be published in the budget document.*

The dollar amounts have been deleted. If only minor changes are necessary, please mark changes in RED ink and enter new dollar amounts. If major changes are necessary or a new program is to be added, then a new form must be submitted with the request and marked “Revised/New.”

Form AR4

Request for Appropriation - Improvement above Current Level Form AR4

General Information - This form is designed to accommodate all requests for funds to expand programming over and above that which will be provided at the FY 2006 current level. All improvements or enhancements to a division's normal operation must be requested on this form.

FY 2006 Requests - Enter the request for this fund in the same manner as previously outlined (see Form AR2) for General, Federal, Special, and Other funds in the respective columns and the total request from all sources in the Total column.

Justification/Anticipated Benefits - Please justify in precise and explicit terms exactly why this improvement is necessary, what objective this improvement will accomplish, and the payback period, if applicable. If this improvement will become an ongoing program, explain the long-range objectives. Indicate by marking on the form if this is a "one-time" request or "continuing request."

All improvement requests must include the anticipated benefits as they relate to the program's mission/performance measures. Improvements above Current Level will not be considered without this information.

Any improvement request resulting from a court order or statutory mandate shall be explained in the justification section of Form AR4 identifying the date and reference of the court order or statute.

If this improvement is to bring in additional federal funds, please indicate the dollar amount of additional federal funds anticipated.

If the improvement requested is for a Capital Expenditure, attach a copy of the Capital Expenditure Project Information form, Form AR8.

All Improvement Levels shall be ranked according to the priority within the DIVISION as determined by the Division Director and Department Secretary/Bureau Commissioner.

Form AR5

Request for Supplemental Appropriation Form AR5

General Information - This form is only to be used when requesting a supplemental appropriation for FY 2005 (current fiscal year).

FY 2005 Request - Enter the request for this fund in the same manner as previously outlined (see Form AR2) for General, Federal, Special, and Other funds in the respective columns and the total request from all sources in the Total column.

Justification - Please justify in precise and explicit terms exactly why this supplemental appropriation request is necessary and what objective it will accomplish.

If the increased funding is for a Capital expenditure, attach a copy of the Capital Expenditure Project Information form, Form AR8.

If this supplemental will become an ongoing program, explain the long-range objectives. Indicate by marking if this is a “one-time” request or “continuing request” on the form. If a continuing request, make sure to submit an Improvement Above Current Level form, Form AR4 for FY 2006 funding consideration.

Any supplemental request resulting from a court order or statutory mandate shall be explained in the justification section of Form AR5 identifying the date and reference of the court order or statute.

If this supplemental is to bring in additional federal funds, please indicate the dollar amount of additional federal funds anticipated.

All supplemental requests must include the anticipated benefits as they relate to the program’s mission/performance measures.

Form AR6

Summary of Other Nonappropriated Accounts Form AR6

General Information - This form is a summary of the funds and amounts that are included in the “Other” column of the Division Account Summary, Form AR2, AR2A. A separate Summary of Other Nonappropriated Accounts shall be submitted along with each Division Account Summary that has “Other” funds.

Name/Purpose of Account - Name and purpose of account as shown on Expenditure Schedule Form ES2B.

Fund Number - Fund number assigned by State Auditor.

Personal Services - Current Level Request for FY 2006.

Annual Increment - Current Level Request for FY 2006.

Employee Benefits - Current Level Request for FY 2006.

Other - Includes all requested dollars not specified as Personal Services, Annual Increment, or Employee Benefits.

Total - Total request for each fund.

Total FY 2006 Current Level Request - Other - Total all columns to equal the total Personal Services, Annual Increment, Employee Benefits, and Other that are requested on Form AR2, AR2A.

Form AR7

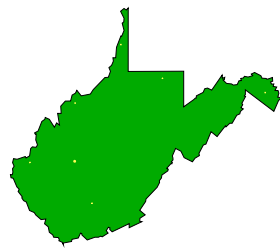
Summary of Receipts and Disbursements Form AR7

General Information - Form AR7 will be used to consolidate receipts and disbursements for all nongeneral revenue accounts over a three year period. This form will greatly assist the State Budget Office in preparing the “Combined Statement of Revenues, Expenditures, and Changes in Fund Balances” that is now required in the *Executive Budget* document.

For accounts that expire and have a 13th month (July) close out period, be sure to adjust the cash balances at the end of the fiscal year to reflect the 13th month expenditures.

Note: At the top of AR7, the source of funds must be indicated by marking the appropriate box. A separate form must be submitted for each source of funding.

1. The name of the fund and WVFIMS four-digit fund number.
2. Actual cash balance and any funds deposited in an investment account at the close of the 13th month of FY 2003. Obtain from WVFIMS Fund Ledger Inquiry. From WVFIMS main menu choose “WVFIMS INQUIRIES,” then choose “LEDGER INQUIRIES,” then choose “FUND LEDGER INQUIRY,” (or at “NEXT:” prompt at bottom of screen use “QFQ”). Type in fund number, press Enter and tab/move to select “3900 – Fund Balance – Unreserved.” Type “S”/Enter/F2 and use total at bottom of screen.
3. Actual Receipts and Actual Disbursements for FY 2004. Must match Auditor’s Monthly Line Item Report (WVR4020) for the 13th month FY 2004.
4. Actual Cash and Investment Balance at the close of the 13th month of FY 2004. Obtain from WVFIMS Fund Ledger Inquiry Prompt. Use the total beside 3900 - Fund Balance - Unreserved.
5. Estimated Receipts and Disbursements for FY 2005 as shown on your approved FY 2005 Expenditure Schedule. **Disbursements must match AR2, AR2A and AR11.**
6. Estimated Cash and Investment Balance at the close of FY 2005 as shown on your approved FY 2005 Expenditure Schedule.
7. Estimated Receipts for FY 2006.
8. Estimated Disbursements for FY 2006 as reflected on your Appropriation Request at the Current Level. **Disbursements must match AR2, AR2A and AR11.** Also, nonappropriated funds must match AR6.
9. Estimated Cash and Investment Balance at the close of FY 2006.



Capital Expenditure Project Instructions

Form AR8

General Information - A capital expenditure project is defined as any major construction, land acquisition, or renovation activity that adds value to a government's physical assets or significantly increases the useful life. A separate form must be completed for each project with a total cost of \$100,000 or more. A project may include several categories with a combined total cost of \$100,000 or more (e.g., \$90,000 construction, \$15,000 land acquisition).

In addition, a separate form must be submitted for each major equipment project of \$50,000 or more that is not included in any other project. A major equipment project is the purchase of a single item (e.g., a bulldozer) or like items (e.g., fleet of vehicles, computer equipment).

Department/Bureau - Enter the name of the department/bureau submitting the request.

Division - Enter the name of the division submitting the request.

Project Name - Enter the name of the project.

Division Priority - All projects must be ranked from the most important (Number 1) to the least important by division. Enter the division priority number.

Contact Name/Telephone/E-mail Address - Please provide the name, telephone number, and e-mail address of the person best suited to respond to questions regarding the project listed.

SOURCES OF FUNDING:

FY 2005 - Include only funds that are included on the approved expenditure schedule for your agency at the time of submission of this form plus any requested supplemental appropriations. If you are requesting a supplemental appropriation, please provide details (including the dollar amount) in the "Describe funding sources" section.

Form AR8

FY 2006 Current Level Request - Include funding that is already provided in your FY 2006 Current Level Request.

FY 2006 Improvement Request/Increase - Include any funds being requested in a FY 2006 improvement package (Form AR4). If you are requesting an improvement to provide funding for this project, you must attach a copy of Form AR8 with the improvement package. If the form is not submitted the amount in the improvement/request/increase column will be ignored.

FY 2007 - Enter the total amount of funding that will be required during FY 2007, regardless of whether the funds will come from current level or improvements.

FY 2008 - Enter the total amount of funding that will be required during FY 2008, regardless of whether the funds will come from current level or improvements.

FY 2009 - Enter the total amount of funding that will be required during FY 2009, regardless of whether the funds will come from current level or improvements.

FY 2010 - Enter the total amount of funding that will be required during FY 2010, regardless of whether the funds will come from current level or improvements.

General - Include any funding provided from the State's General Revenue Fund.

Federal - Include all federal funding, whether appropriated or nonappropriated.

Special - Include any Special Revenue funding that is appropriated by the Legislature.

Other - Include any Special Revenue funding that is not specifically appropriated by the Legislature.

TOTAL - Total of the four funding types above.

Form AR8

SUMMARY OF EXPENDITURES:

FY 2005 - List any expenditures on capital expenditure projects for which FY 2005 funds have been budgeted.

FY 2006 through 2010 - List the proposed expenditures for each fiscal year. Should be limited to the amount that could be reasonably funded and administered in a single year.

Renovation and Repair - Restoration projects to the government's physical assets.

New Construction - Expenditures should reflect the costs for the construction of roads, bridges, new building or facilities (including landscaping), or for the expansion or extension of existing facilities. Also, include architectural fees, surveying fees, etc.

Land Acquisition - Expenditures should reflect the estimated cost of acquiring right-of-way and preparing the site for construction, including demolition.

Equipment - List any of the following:

- Purchase of a single item of equipment with a total cost of \$50,000 or more (e.g., a bulldozer);
- Purchase of like items of equipment with a total cost of \$50,000 or more (e.g., five [5] automobiles);
- Equipment of any value that, when combined with other categories such as Renovation and Repair, puts the total cost of the project at \$100,000 or more (e.g., \$60,000 Renovation and Repair and \$40,000 Equipment).

Cost of Financing - Includes, but is not limited to, bond counsel, trustee counsel, underwriter counsel, credit enhancements, taxes, accountant fees, financial advisor fees, rating agency fees, debt service reserve, and interest. Do not include payment of principal.

TOTAL - Total of all expenditures.

Form AR8

Debt Service - The cost of paying principal and interest on borrowed money according to a predetermined payment schedule. Enter the actual amount of debt service payments to be made during each fiscal year.

Start/completion date - Indicate dates of project.

Financed or leased? - Mark “X” in appropriate space provided. If “yes,” state the annual interest rate.

Method of financing/leasing - Describe the terms of the finance options or lease contract.

Describe funding sources - Provide detailed information regarding the source(s) of funding for this project. Describe any special revenue funds, federal grants, requests for supplemental appropriations or improvements, or any proposed bonds, debt service, or other methods of financing options that are being considered.

Description and justification of project - Give a concise narrative explanation of the project and what is to be accomplished. The description should include the location of the improvement, its size or dimensions, and the type of construction proposed (if any). If the exact location of the project has not been determined, please indicate the proposed site(s). If the project is an equipment purchase, describe the nature of the purchase and its related benefits. Also, indicate the need for the proposed project and the reasons for selecting the proposed time period. Please cite any compliance issues (ADA, OSHA, etc.) or legal mandates that necessitate this project.

You are encouraged to identify the anticipated nonfinancial impact of significant nonroutine capital expenditures. Examples – cleaner environment, improved response time by public safety employees, smaller class sizes in schools.

If you are requesting an improvement package or supplemental appropriation to fund this project, or if the proposed funding is otherwise uncertain, describe the effect on the project if a portion of the funding were not provided. (For example, if 50% of the funds for a project are from your current level request and 50% are being requested as an improvement, what will be the status of the project if the improvement is not granted? Will the other funding still be used to execute a portion of the project? Will the project be downscaled to match the available funds? Will the project be canceled completely? If so, where will the current level funds be used?)

Form AR8

IMPACT ON OPERATING BUDGET:

Annual Impact on Operating Budget - Indicate any anticipated increase or decrease in operating costs resulting from this project. (Increases are to be shown as positive (+) numbers; decreases are to be shown as negative (-) numbers.) **If no impact is anticipated, you must indicate by entering zeros.** Costs listed should reflect estimated expenditures and/or savings for the first full year of operation. For example, construction of a water main would not increase operating costs, but may produce some savings. Construction of a new maintenance facility may increase operating costs for utilities and supplies. Future year costs should be addressed in the project description narrative. Current year estimates for operating costs are to be based on FY 2005 dollars, and any future costs described in the narrative should not be adjusted for inflation.

Describe how this project will affect your agency's operating budget - Describe the nature of the increases/decreases shown in the previous item (e.g., Why are additional personnel needed? What classification of personnel? Why will this project cause utility costs to decrease/increase? Why will this project cause maintenance costs to decrease/increase?).

Form AR9

Division Summary of Capital Expenditure Projects Form AR9

Each division/agency must file a Summary of Capital Expenditure Projects on this form, listing all projects for which capital expenditure information is filed. The projects must be listed in order of priority to the division. For each project, please provide estimated Start/Finish dates and the total cost of the project.



Guidelines for Program Summary/Division Program Summary Form AR10 and AR11

Please complete the Program Summary worksheet and the Division Program Summary worksheet using the following criteria:

- **Program** - A group of related activities performed by one or more organization units for the purpose of accomplishing a function for which the government is responsible. A unit can be a division, a section, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service. See “Narrative Instructions for Programs” on page 44.
- Please define a **program** at the **lowest** reasonable unit that fully describes the intended activities/functions. Administrative/Support functions, if not already included in a specific program, must be considered a program. **Make sure programs identified on AR10 and AR11 match the programs submitted with your narrative information.**

Form AR10

Program Summary Form AR10

Department/Bureau - Enter Constitutional Office/Department/Bureau submitting the request.

Division - Enter the name of the division submitting the request.

Program Name - Enter the name of the program. (Identify Acronyms)

Federally Mandated - Indicate whether the program is mandated by the federal government.

Expenditure Summary - Program Expenditures

- Listed by major category of expenditures (Number of Positions, Total Personal Services, Employee Benefits, Unclassified).

- Listed by fiscal year

- FY 2004 Actuals All Funds - This column consolidates **all funds** (General, Appropriated Federal and Special, and Other Federal and Special).

- FY 2005 Base by fund - The amount budgeted as shown on the approved expenditure schedule at the time of preparation of this request. Include reappropriated funds. Do not include supplemental requests.

- FY 2006 Current Level Request by fund - The amount requested as shown on AR2 and AR2A. Do not include anticipated reappropriated funds or improvement requests to FY 2006.

Form AR11

Division Program Summary Form AR11

Department/Bureau - Enter Constitutional Office/Department/Bureau submitting the request.

Division - Enter the name of the division submitting the request.

Programs - List programs from Form AR10. Enter **totals** for FY 2004 Actuals, FY 2005 Base, and FY 2006 Current Level Request. A separate program summary, Form AR10, must be completed for each program listed on the Division Program Summary, Form AR11.

Expenditure Summary - Consolidate all programs by major category of expenditures (Number of Positions, Total Personal Services, Employee Benefits, Unclassified).

On AR11, total programs should balance under the Programs section and the Expenditure Summary section. Totals for the FY 2005 Base and FY 2006 Current Level Request should match the totals of all AR2's for the division.

Narrative Instructions

Purpose

The purpose of the budget narratives is to provide brief descriptions of all agencies in state government. In general, the narrative explains an agency's mission and shows (through operations, goals, objectives, and performance measures) how that mission is to be accomplished in the coming fiscal year.

Organization

The narratives organize state agencies into three levels:

- The highest level is the *Constitutional Officer, Department, or Bureau*: established by state law.
- The next level down is *Division*: a primary entity of government that receives an appropriation in the budget bill.
- The lowest level is *Program*: a group of related activities performed by one or more organizational units to accomplish a function for which the government is responsible. (A unit can be a division, section, or workgroup.)

Because different information is requested from each level, please review the section levels on the "Checklist of Requested Information" page to determine what information should be submitted.

Enclosures

- a printed copy of your agency's narrative from the FY 2005 *Executive Budget* and
- a diskette of the narrative text (without styles) from the FY 2005 *Executive Budget*.

Preparation

- **Begin with the narrative file on the enclosed diskette. Do not use the narrative as you submitted it last year or it will be returned.**
- Changes to an agency's organizational chart (if applicable) may be written directly on the printed copy.
- The programs included in your narrative should match the programs listed on the Appropriation Request Forms AR10 and AR11.

- Follow carefully the directions for changing the “Estimated” and “Actual” statistical performance measures. Details for these measures are located near the end of this chapter under “Updating Statistical Performance Measures” on page 52.

Narrative Formatting Guidelines

- Use a single space (not two spaces) between sentences.
- Avoid manual page breaks (“Control” + “Enter”). Let your narrative flow across pages.
- Every acronym in the narrative must be spelled out the first time it’s used and included in a list with your submission.
- Use tabbed columns for the six-column, statistical performance measures. (The columns are not required to line up.)
 - ▶ Use a single tab between each column. (Do not use the spacebar to align.)
 - ▶ Do not use a table.
- If a six-column performance measure uses statistics with decimal points, it must display the same number of decimal points across that row.

Saving Your Narrative

After completing the narrative, you may first wish to save the file to your computer. Print a hard copy for the State Budget Office. If you’re using Word or WordPerfect, just copy the file to diskette.

1. Insert a diskette in your PC’s disk drive.
2. With your narrative file open in your word processing software, click on SAVE AS.
3. Under “Save in” or “Drive,” browse until you are saving the file to the drive containing your diskette (usually drive a:\).
4. Type in a filename.
5. Click on OK or SAVE.

Submitting the Narrative

Submit one printed copy of your budget narrative AND the copy on diskette to the State Budget Office on or before September 1, 2004. The narratives will be formatted, edited, and returned to the agencies for hard copy proofing before the FY 2006 *Executive Budget* is printed.

You can also print last year’s budget narrative from the Internet. However, if you need the file in a digital format or if you have any questions regarding the narrative, please call Diana Schwab at 558-5890 or send an e-mail to budget@state.wv.us.

✓ Checklist of Requested Information ✓

CONSTITUTIONAL OFFICERS & DEPARTMENTS & BUREAUS shall submit the following:

(Length: three page maximum)

- ☐ Organizational Chart
 - ☐ Mission Statement
 - ☐ Goals/Objectives
-

DIVISIONS shall submit the following:

(Length: two page maximum)

NOTE: If the division is the lowest level (the program), then information should be submitted at the program level.

Division level with programs

- ☐ Mission Statement
- ☐ Operations

Division level with no separate programs

- ☐ Mission Statement
 - ☐ Operations
 - ☐ Goals/Objectives
 - ☐ Performance Measures
-

PROGRAMS shall be in alphabetical order* and shall match the programs on AR10 and AR11. Submit the following for each program:

(Length: a half page maximum per program)

- ☐ Mission Statement
- ☐ Goals/Objectives
- ☐ Performance Measures (Maximum: three good measures per program)

* A program with one overall administrative function will be listed first.

Narrative Instructions for Constitutional Officers/Departments/Bureaus

MISSION STATEMENT - The mission statement gives the reason for the Constitutional Officer, Department, or Bureau's existence. It should respond to the following questions:

- What is unique about your product or service?
- Who is your intended primary client or target group?
- Why is your product or service of benefit?

Example:

The Bureau of Commerce promotes and preserves the well-being of the citizens of West Virginia by providing a cooperative, interagency system that stimulates economic growth and job creation and retention, promotes efficient use of the state's abundant natural resources, and provides infrastructure support and opportunities for the state's communities by facilitating the work of the bureau's diverse constituent agencies.

GOALS AND OBJECTIVES – Goals are established by the agency. They are issue-oriented statements that declare what an agency intends to accomplish to fulfill its mission.

Objectives are detailed, quantifiable, time-specific statements of activities related to achieving the goals. They are targets for specific agency or program actions.

Example:

Listed below are two goals of the Higher Education Policy Commission. Under each goal are two objectives that detail how the bureau plans to accomplish the goals.

Economic development through better educated workforce.

- *Create by 2005 a total of 5,000 new jobs directly related to training and education programs of public colleges and universities.*
- *Create 2,000 new research-related jobs by 2005.*

Increase postsecondary participation.

- *Postsecondary education participation rate will increase to 70%.*
- *Increase by 25% the number of students transferring from two-year to four-year programs.*

Narrative Instructions for Divisions

MISSION STATEMENT - The mission statement gives the reason for the division's existence. It should respond to the following questions:

- What is unique about your product or service?
- Who is your intended primary client or target group?
- Why is your product or service of benefit?

Example:

The mission of Unemployment Programs is to accurately, efficiently, fairly, and promptly administer quality unemployment compensation services through the collection of employer contributions and the payment of benefits to eligible individuals.

OPERATIONS – The Operations section details the activities and/or functions of the division. Since divisions are commonly broken down into programs, the Operations section can also list these programs and their respective functions.

Example:

Listed below are two sections of the Unemployment Programs (division) along with the detailed activities and/or functions of each.

Benefits—Field Operations Section

- *Accept unemployment compensation claims filed by unemployed workers.*
- *Gather information necessary to determine the eligibility of individuals filing claims.*

Tax—Employer Audits Section

- *Perform field audits on employer accounts to verify compliance with unemployment compensation statutes and requirements.*
- *Perform cross-match assignments on employers determined out-of-compliance with the Federal Unemployment Tax Act.*

NOTE: If the division has no listed programs, then information should be submitted to include mission, operations, goals/objectives, and performance measures.

Narrative Instructions for Programs

MISSION STATEMENT – The mission statement gives the reason for your program’s existence. It should address the following questions:

- What product or service does your program provide?
- Who is your program’s client or target group?
- Why is your program provided?

Example:

The Driver Services program is responsible for issuing driver licenses, monitoring driver performance and driver improvement programs, and promoting and improving highway safety among the motoring public.

GOALS/OBJECTIVES - Goals are established by the agency. They are issue-oriented statements that declare what an agency intends to accomplish to fulfill its mission.

Objectives are detailed, quantifiable, time-specific statements of activities related to achieving the goals. They are targets for specific agency or program actions.

Example:

Listed below is one of the goals of the Driver Services program followed by two specific objectives.

Nurture grassroots projects that will reduce the number of severe injuries and fatalities that result from motor crashes.

- *Improve collection and analysis of crash-related data through electronic linkage to safe community projects by July 2005.*
- *Improve the use of seat belts by West Virginia drivers to 80% by July 2005.*

PERFORMANCE MEASURES - Performance measures are a tool used by all levels of management, as well as the public, to determine whether a program is accomplishing its mission efficiently and effectively. There are three steps that program managers must perform in order to develop meaningful measures.

Step 1: Define program mission.

Step 2: Identify performance results. Performance results can be classified into three types: client benefits/impacts, strategic outcomes, and work process outputs.

NOTE: Only the “Client Benefits/Impacts” should be submitted in a program narrative.

A. Client Benefits/Impacts (Most important)

- These describe what you do directly for your customers.
- Reflect the extent of achievement of the program’s objectives.
- Likely to be viewed by the public as a benefit.

Examples of Client Benefits/Impacts:						
<i>Fiscal Year</i>	<i>Actual 2002</i>	<i>Actual 2003</i>	<i>Estimated 2004</i>	<i>Actual 2004</i>	<i>Estimated 2005</i>	<i>Estimated 2006</i>
• <i>Pension benefits received</i>	#	#	#	#	#	#
• <i>Percent of devices passing safety inspection</i>	#	#	#	#	#	#
• <i>Workers placed in jobs</i>	#	#	#	#	#	#
• <i>Percent of complaints resolved within 90 days</i>	#	#	#	#	#	#
• <i>Export sales increased</i>	#	#	#	#	#	#
• <i>Percent of drivers removed from service at roadside safety inspections</i>	#	#	#	#	#	#
• <i>Acres drained</i>	#	#	#	#	#	#
• <i>Productivity of family farm increased</i>	#	#	#	#	#	#

NOTE: Although client benefits/impacts are preferred for the narrative, strategic outcomes and the work process output types are listed because it may be helpful to start with them as steps toward developing the desired performance measures.

B. Strategic Outcomes

- These describe the consequences of the program.
- Reflect most closely the achievement of the program’s objectives.
- Influenced by outside factors, so the results are forecast rather than planned.

Examples of Strategic Outcomes:

	<i>Actual</i>	<i>Actual</i>	<i>Estimated</i>	<i>Actual</i>	<i>Estimated</i>	<i>Estimated</i>
<i>Fiscal Year</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
• <i>Income increased</i>	#	#	#	#	#	#
• <i>Devices passing safety inspections</i>	#	#	#	#	#	#
• <i>Unemployment costs reduced</i>	#	#	#	#	#	#
• <i>Drivers who failed roadside safety inspections</i>	#	#	#	#	#	#
• <i>Jobs created</i>	#	#	#	#	#	#
• <i>Number of complaints resolved</i>	#	#	#	#	#	#
• <i>Farm production increased</i>	#	#	#	#	#	#
• <i>Profitability and self-sufficiency of family farm improved</i>	#	#	#	#	#	#

C. Work Process Outputs (Least important)

- These describe what must be done daily to deliver the program.
- Reflect more the work performed within the program rather than the extent of achievement of the program's objectives.
- Not likely to be viewed by the public as a benefit.

Examples of Work Process Outputs:

	<i>Actual</i>	<i>Actual</i>	<i>Estimated</i>	<i>Actual</i>	<i>Estimated</i>	<i>Estimated</i>
<i>Fiscal Year</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
• <i>Safety inspections conducted</i>	#	#	#	#	#	#
• <i>Applications processed</i>	#	#	#	#	#	#
• <i>Training courses held</i>	#	#	#	#	#	#
• <i>Employment interviews held</i>	#	#	#	#	#	#
• <i>Complaints filed</i>	#	#	#	#	#	#
• <i>Trade shows held</i>	#	#	#	#	#	#
• <i>Loan applications processed</i>	#	#	#	#	#	#

Step 3: Develop performance measures.

- Choose measures that can be used for planning, to quantify the performance of the program, as well as to monitor and evaluate the degree of success in achieving results developed in Step 2.

- Each program should have at least one, and preferably, two or three good performance measures that describe the overall performance accomplished by the program as a whole – a statistical measure, if possible. **Statistical measures must be reported in State fiscal years.**
- Performance measures should be based on current-level funding.
- The performance measures submitted should be the “client benefits/impacts” type.

The focus for the FY 2006 program narrative is to show:

- The trend of your program’s actual performance for the three most recent fiscal years (FY 2002 through FY 2004)
- The FY 2004 estimate of your program’s performance
- The performance level goals the program is trying to achieve in FY 2005 and FY 2006 based on current-level funding.

Updating Statistical Performance Measures

1. Begin with the narrative file on the diskette from the State Budget Office.
2. **Delete the groups marked in gray as shown below** (the format of your statistical performance measures should look similar to the following ones). The remaining three groups will be the first three for the FY 2006 narrative.

NOTE: Do NOT change last year’s numbers in the “Estimated 2004” group.

Example (How to Update from FY 2005)

<u>Fiscal Year</u>	Actual 2001	Actual 2002	Estimated 2003	Actual 2003	Estimated 2004	Estimated 2005
Retail licenses issued to sell liquor, wine, and beer	4,754	4,637	4,700	4,726	4,700	4,700
Percent of graduates in six years	38.3%	39.1%	40.0%	39.2%	41.0%	42.0%

3. Add the three groups marked in bold (Actual 2004, Estimated 2005, and Estimated 2006).

Example
(How to Update from FY 2005)

<u>Fiscal Year</u>	Actual <u>2002</u>	Actual <u>2003</u>	Estimated <u>2004</u>	Actual <u>2004</u>	Estimated <u>2005</u>	Estimated <u>2006</u>
Retail licenses issued to sell liquor, wine, and beer	4,637	4,726	4,700	4,739	4,800	4,825
Percent of graduates in six years	39.1%	39.2%	41.0%	39.6%	41.5%	42.5%

Examples of Performance Measures:

1. Agency: Division of Natural Resources
Program: Major Repairs and Alterations

<u>Fiscal Year</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Estimated</u> <u>2004</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>
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Percentage completed of systemwide cabin renovation and redecoration	10%	50%	85%	86%	90%	100%
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2. Agency: Workers' Compensation Commission
Program: Workers' Compensation

<u>Fiscal Year</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Estimated</u> <u>2004</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>
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Average days from injury to receipt of claims application	40	35	20	30	15	10
Average days from claims application entry to ruling	16	11	7	10	7	5
Percentage of active policies in good standing	84.8%	86.1%	88.0%	86.9%	88.0%	90.0%

3. Agency: West Virginia Lottery
Program: Marketing Section

<u>Fiscal Year</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Estimated</u> <u>2004</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>
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Sales volume (in millions)	\$597	\$849	\$1,078	\$1,082	\$1,173	\$1,110
Number of TRAVEL (keno) retailers	226	236	250	277	275	275



Glossary

This section identifies and defines certain key concepts and terms commonly used in the West Virginia Appropriation Request Process:

ACTIVITY CODE: Activity Codes refer to the individual item of appropriation as listed in the Budget Act.

ANNUAL INCREMENT: Every eligible employee with a total of three (3) or more years of service shall receive an annual salary increment equal to \$50 times the employee's years of service.

APPROPRIATED FEDERAL FUNDS: Those federal funds listed in the Budget Act as Federal Funds in accordance with Chapter 4, Article II, of the Code of West Virginia. Appropriated Federal Funds are appropriated in Title II, Section 6, of the Budget Act. These funds shall be shown under the column heading "Federal."

APPROPRIATED SPECIAL REVENUE FUNDS: Specific revenue sources that by legislative enactments are not required to be accounted for as General Revenue. Appropriated Special Revenue Funds are appropriated in Title II, Sections 2 and 3, of the Budget Act. These funds shall be shown under the column heading "Special."

BUREAU: The Bureaus for the Executive branch of State government which were established by Chapter 5F of the West Virginia Code.

CAPITAL EXPENDITURE PROJECT: Any major construction, acquisition, or renovation activity that adds value to a government's physical assets or significantly increases the useful life.

COST OF FINANCING: Includes but is not limited to bond counsel, trustee counsel, underwriter counsel, credit enhancements, taxes, accountant fees, financial advisor fees, rating agency fees, debt service reserve, and interest. Does not include payment of principal.

CURRENT LEVEL: The Current Level is defined as ninety-four and one-half percent (94.5%) of dollars a division was appropriated for each General Revenue/Lottery Fund in FY 2005, less any “one-time” appropriations as listed in the Legislative Budget Digest or surplus appropriations.

DEBT SERVICE: The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

DEPARTMENT: The Departments for the Executive branch of State government that were established by Chapter 5F of the West Virginia Code.

DIVISION: Each primary entity in the State Appropriation Request Process that is appropriated in the West Virginia Budget Act is recognized as a division.

EXCESS LOTTERY: Those appropriations in Title II, Section 5, of the Budget Act. These funds shall be shown under the column heading “Special”.

FEDERAL BLOCK GRANTS: Those federal funds listed in the Budget Act for designated accounts, whose funds are appropriated from Federal Block Grants in accordance with Chapter 4, Article II, of the Code of West Virginia. Appropriated Federal Block Grants are appropriated in Title II, Section 7, of the Budget Act. These funds shall be shown under the column heading "Federal."

FEDERAL CATALOG NUMBER: This refers to the “Program Number” listed in the U.S. Government’s *Catalog of Federal Domestic Assistance* for the federal program from which funding is being received.

FEDERAL FUNDS: Federal funds consist of any financial assistance made to any state Department/Bureau/Division by the United States government, whether a loan, grant, subsidy, augmentation, reimbursement, or any other form of such assistance, including federal matching funds. For budget purposes, only the direct recipient of federal funds will include them as “Federal.” Agencies that receive federal funds from other state agencies will include them as “Special” or “Other” funds.

FEDERAL MATCH: Federal funds received on a formula basis as a supplement to state funds that are being expended. For example, in a 80/20 federal match program, if the State expends \$20,000 of its own funds on a project, it will receive a \$80,000 match from the federal government to further fund the project.

FISCAL YEAR (FY): The State of West Virginia's fiscal year runs from July 1 to June 30.

FULL-TIME EQUIVALENT POSITION (FTE): A position with a full-time equivalent equal to 1.00 would indicate that the employee works the full work schedule established by the appointing agency, usually 2,080 hours per year. Any employee who works less than full-time would have an FTE of less than 1.00 which would be based on the number of hours worked per year in relation to the total hours required for full-time. Example: A person who works for an agency 20 hours a week, 1,040 a year, would have an FTE of 0.50.

GENERAL REVENUE FUND: Shall mean the general operating fund of the State and includes all money received or collected by the State except as provided in Chapter 12, Article II, Section 2, of the Code of West Virginia or as otherwise provided. General Revenue Funds are appropriated in Title II, Section 1, of the Budget Act. These funds shall be shown under the column heading "General."

GOALS: Goals are established by the agency. They are issue-oriented statements that declare what an agency intends to do to accomplish its mission.

IMPROVEMENT ABOVE CURRENT LEVEL: To request funds to enhance the level of services provided by a division above that provided by the FY 2005 Current Level. Funds for new programs shall be requested through Improvement Levels. All Improvement Levels shall be ranked according to the priorities of the division.

LAND ACQUISITION: Includes the cost of acquiring right-of-way and preparing the site for construction, including demolition.

LOTTERY NET PROFITS: Those appropriations in Title II, Section 4, of the Budget Act. These funds shall be shown under the column heading "Special."

MAINTENANCE OF EFFORT: A requirement stating that a grantee (the State) must maintain a specified level of financial effort in a specific area in order to receive federal funds, and that the federal funds may be used only to supplement, not supplant, the level of grantee funds.

MISSION STATEMENT: The mission statement is developed in accordance with strategic planning principles. It gives the reason for the agency's existence. The mission statement should respond to *what is unique about the product/service, who is the intended primary client or target group, and why is the product/service of benefit.*

NARRATIVES: The portions of the *Executive Budget* that provide a brief description of all state government agencies, organizing them into three levels: constitution officer, department, or bureau; division; and program. Narratives include missions, operations, goals/objectives, and performance measures.

NEW CONSTRUCTION: Includes costs for construction of roads, bridges, new buildings or facilities (including landscaping), or for the expansion or extension of existing facilities.

OBJECT CODE: Object Codes refer to the detail level of expenditure that make up the items representing the total activity dollars (formerly called "Line Items").

OBJECTIVES: Detailed, quantifiable, time-specific statements of activities related to achieving the goals. Objectives are targets for specific agency or program actions.

ONE-TIME APPROPRIATION: Funds appropriated by the Legislature for a specific purpose not to be funded on a continuing basis (identified in Budget Digest).

OPERATIONS: Details the activities and/or functions of the division. May also include the subdivision or units within a division and the respective activities.

OTHER FEDERAL FUNDS: Those federal funds not specifically listed in the Budget Act but appropriated by Title II, Section 10, of the Budget Act. These funds shall be shown under the column heading "Federal."

OTHER SPECIAL REVENUE ACCOUNTS: Those funds made available to the spending agency through collections for specific accounts through fees, assessments, etc. These other funds are not specifically listed in the Budget Act, but are appropriated by Title II, Section 10, of the Budget Act. These funds shall be shown under the column heading "Other."

PERFORMANCE MEASURES: Performance measures are a tool used by all levels of management, as well as the public, to determine whether a program is accomplishing its mission efficiently and effectively.

PROGRAM: A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible. A unit can be a division, a section, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service.

REAPPROPRIATED FUNDS: Those funds remaining at the end of the fiscal year that the Legislature, through specific language in the Budget Act, has authorized to be made available for expenditure in the next fiscal year.

RENOVATION AND REPAIR: Restoration projects to the government's physical assets.

STATE FUNDS: Nonfederal dollars.

SURPLUS ACCRUED: Surplus general revenue and excess lottery revenue funds accrued from fiscal year ending June 30, 2004, and appropriated for expenditure during FY 2005. Surplus accrued funds are appropriated in Title II, Sections 8a and 9, of the Budget Act.